

**Technical Note**  
**Gross Domestic Product, Fourth Quarter 2002 (Final)**  
**March 27, 2003**

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release; the note also provides some perspective on the estimates. Additional material will be posted to BEA's Web site <[www.bea.gov](http://www.bea.gov)> as it becomes available over the next few days. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*. The *Survey* also will provide a more detailed analysis of the estimates ("The Business Situation").

**Gross Domestic Product: Fourth Quarter 2002 (Final)**

Real GDP (revised): Real GDP is now estimated to have increased at an annual rate of 1.4 percent in the fourth quarter of 2002, the same as in the preliminary estimate released last month. Real GDP increased 4.0 percent in the third quarter. As in the preliminary estimate, the slowdown in real GDP growth was mainly accounted for by consumer spending and exports.

Prices (revised): The chain-type price index for gross domestic purchases is now estimated to have increased 1.8 percent in the fourth quarter; the preliminary estimate had shown an increase of 1.6 percent. The index had increased 1.2 percent in the third quarter.

**Source of Revisions**

There were modest, roughly offsetting, revisions to several components of GDP. A downward revision to exports of services reflected the incorporation of revised third-quarter and newly available fourth-quarter BEA survey data. An upward revision to personal consumption expenditures for services was mainly to electricity and gas services and reflected the incorporation of newly available residential customers' usage and unit value data for November from the Energy Information Administration.

The small upward revision to the price index for gross domestic purchases primarily reflected a revision to the implicit price for financial services, based on newly available Federal Deposit Insurance Corporation call report data.

The news release that presents final estimates for a quarter also presents revised estimates of wages and salaries, personal taxes, and contributions for social insurance for the preceding quarter. Third-quarter wages and salaries were revised down, reflecting the incorporation of the most recently available BLS tabulations of private wages and salaries from the state unemployment insurance program. Revisions to personal taxes and to contributions for social insurance for the third quarter reflected the revisions to wages and salaries. Real disposable personal income is now estimated to have increased 1.8 percent in the third quarter (revised down from 3.1 percent) and 2.4 percent in the fourth quarter (revised down from 2.7 percent).

## **Corporate Profits and GNP**

The news release that presents the final estimate of fourth-quarter GDP also presents the first estimates of corporate profits and gross national product (GNP) for the quarter.

Corporate Profits: Profits from current production (that is, "corporate profits with inventory valuation and capital consumption adjustments") increased 3.2 percent (quarterly rate) in the fourth quarter, following a decrease of 1.8 percent in the third. Fourth-quarter 2002 profits were 1.9 percent lower than profits in the fourth-quarter 2001. The current-production measure of profits differs from profits as they are usually reported in corporate financial statements. It excludes non-operating items, such as special charges and capital gains and losses, and is based on depreciation of fixed assets and inventory withdrawals valued at current cost, rather than at historical cost.

Real GNP: Real GNP increased 1.4 percent in the fourth quarter, the same increase as in real GDP; GNP increased 4.4 percent in the third quarter. GNP equals GDP plus incomes, mainly on investments, earned abroad by U.S. residents, less similar incomes earned in the United States by residents of other countries. Net income receipts by U.S. residents increased \$1.5 billion in the fourth quarter; receipts decreased \$3.8 billion, and payments to foreign residents decreased \$5.3 billion.

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